

When an item of tangible personal property is sold at retail and includes a core fee, the full retail selling price of the item, including the core fee, is subject to Retailers' Occupation Tax liability. See 86 Ill. Adm. Code 130.401 and 130.425. (This is a GIL).

October 5, 2000

Dear Xxxxx:

This letter is in response to your letter received by our office on August 14, 2000. The nature of your letter and the information you have provided require that we respond with a General Information Letter, which is designed to provide general information, is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.120 subsections (b) and (c), which can be found on the Department's Internet website at <http://www.revenue.state.il.us/legalinformation/regs/part1200>.

In your letter, you have stated and made inquiry as follows:

On 3 JULY 2000 I went to the local COMPANY store to purchase a rebuilt caliper for my car. The part was \$11.99. There was also a \$10.00 deposit to insure that I would bring back the old part. Imagine how surprised I was when I got home and saw that they had charged me sales tax on the CORE DEPOSIT - \$10 plus tax. I called them on the phone and was advised that this would be returned to me when I brought the old part back.

I thought that the sales tax only applied to what we had purchased, not to a deposit to guarantee that we brought the old part back.

I really feel that if I had not called the store to complain about the extra tax when I returned the old core I would have received the \$10 refund and the tax would have been pocketed by the store. What if I lose, or just decide not to take the old core back?

I am not writing this to get anyone in trouble – I just think that they need to be taught the rules.

I have included a scanned copy of the original receipt. It is a little bigger than the original, but I have the original should you need it.

From the information contained in your letter, it appears that the retailer did correctly determine the appropriate amount of sales tax on your purchase. In Illinois, the gross receipts received from a retail sale are subject to Retailers' Occupation Tax. Gross receipts are defined as all the consideration actually received by the seller, except traded-in tangible personal property personal property. See the enclosed copies of 86 Ill. Adm. Code 130.401 and 130.425.

October 5, 2000

When an item of tangible personal property is sold at retail and includes a core fee, the full retail selling price of the item, including the core fee, is subject to Retailers' Occupation Tax liability. The fact that part of the gross receipts from the sale of an item of tangible personal property is labeled a "core charge" does not change the taxable nature of the transaction. A core charge is merely considered part of the charge for the sale of the new part and is always taxable.

Please note that this is different than if the customer provided the "core" to the retailer at the time of purchase. In that situation, the core would be considered to be a like kind trade-in and no core charge would be made.

As you noted in your letter, it is possible that the customer will not take the old core back. However, if a core is returned by a purchaser for a refund of the core charge, the entire amount of the core charge should be refunded along with any tax paid by the purchaser.

I hope this information is helpful. The Department of Revenue maintains a website, which can be accessed at www.revenue.state.il.us. If you have further questions related to the Illinois sales tax laws, please contact the Department's Taxpayer Information Division at (217) 782-3336.

If you are not under audit and you wish to obtain a binding Private Letter Ruling regarding your factual situation, please submit all of the information set out in items 1 through 8 of Section 1200.110(b) described above.

Very truly yours,

Terry D. Charlton
Associate Counsel

TDC:msk

Enc.